



NEWS RELEASE

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FOR IMMEDIATE RELEASE

FORMER GREEN HILLS OFFICIAL SENTENCED FOR PUBLIC CORRUPTION

KANSAS CITY, Mo. – Todd P. Graves, United States Attorney for the Western District of Missouri, announced that a Trenton, Mo., man who formerly served as an official with the Green Hills Regional Planning Commission (Green Hills RPC) was sentenced in federal court today after admitting that he defrauded a federal program.

Michael R. Johns, 53, of Trenton, was sentenced by U.S. District Judge Howard F. Sachs this morning to two years in federal prison without parole. The court also ordered **Johns** to pay \$479,556 in restitution to Green Hill Rural Development, Inc.

On May 17, 2005, **Johns** pleaded guilty to federal program fraud.

Co-defendant **Denise K. Stottlemire**, 53, also of Trenton, was sentenced on Sept. 26, 2005, to three years of probation that includes several special conditions. The court also ordered **Stottlemire** to pay a \$5,000 fine. On May 17, 2005, **Stottlemire** pleaded guilty to using falsified employment contracts in order to justify salary increases paid to herself and to **Johns**.

The Green Hills RPC, headquartered in Trenton, is an economic development agency for an 11-county area in north central Missouri. **Johns** was the executive director from 1980 to 2002, and **Stottlemire** was employed as a community planner and assistant director from 1990 to 2002. The Green Hills RPC received funds from a number of federal agencies.

Green Hills Rural Development, Inc. (Green Hills RDI) is a not-for-profit corporation formed by Green Hills RPC in 1981 to be able to receive grants, primarily from a number of federal agencies, to promote rural economic development. **Johns** was an assistant vice president on the board from 1981 to 2002, and he served as the executive vice president from 1997 to 2002. **Stottlemire** was not a board member or an officer, but performed grant administration work.

Green Hills RPC provided the staff for Green Hills RDI, and **Johns** and **Stottlemire** both performed duties for both entities and received salaries from Green Hills RPC.

Johns admitted that between 1994 and 2002, he made loans from the Green Hills RDI Revolving Loan Fund of approximately \$480,000 to the Chillicothe Brunswick Rail Maintenance Authority (CBRA), a company which operated a short-line railroad between Chillicothe, Mo., and Brunswick, Mo. **Johns** was vice president and a member of the board of directors of CBRA, as well as president and sole shareholder of another company, CS & T, which leased rail equipment to CBRA. **Johns** admitted that the board of directors had not reviewed or approved the loans to CBRA, and that the loans were in excess of the loan limit imposed by the Economic Development Administration (EDA) of the U.S. Department of Commerce, which provided the funding for the Revolving Loan Fund.

“We believe that the actual amount of loss caused by **Johns**’ illegal activity is between \$350,000 and \$500,000,” Graves said.

Johns submitted an annual report to the EDA for the year 1999 stating that the Revolving Loan Fund at Green Hills RDI had been operated in accordance with the regulations of EDA. At the time these loans were made to CBRA, however, **Johns** knew that the loans violated EDA regulations because they had not been approved by the board of directors and were in excess of the loan limit.

Stottlemire admitted that she provided false employment contracts that contained forged signatures. Those fake contracts were used to support additional salary payments of \$353,355 to Johns and \$46,175 to herself, although that additional salary was never approved by the board of directors.

Under the special conditions of their supervised release, both **Johns** and **Stottlemire** are prohibited from directly handling or administering any public funds. They are also barred from engaging in any accounting activities directly involving public funds. Graves added that another condition of supervised release requires them to notify any city, state or municipal authority with whom they attempt to contract or work for as an employee of the exact nature of their convictions by providing a copy of the indictment and judgment in this case. They are also required to disclose to their probation officer any employment activities that present substantial risk of defrauding individuals, businesses or government entities.

This case was prosecuted by Assistant U.S. Attorney J. Daniel Stewart. It was investigated by the Federal Bureau of Investigation and the U.S. Department of Commerce, Office of Inspector General.

This news release, as well as additional information about the office of the United States Attorney for the Western District of Missouri, is available on-line at

www.usdoj.gov/usao/mow